

March 13, 1975

PRESIDENT: The question is, shall LB 81 be returned to Select File for specific amendment. Record your vote. Record Mr. Clerk.

CLERK: 7 ayes, 17 nays, 25 not voting.

PRESIDENT: Motion fails.

CLERK: LB 588 (read title).

PRESIDENT: Chair recognizes Senator Marvel.

SENATOR MARVEL: Mr. President, members of the Legislature, this is the first time, at least in my experience, that the Appropriations Committee has brought to the floor of the Legislature the proposed policy for salary increases, hopefully to be determined by the Legislature before the Appropriations bills get to the floor. We have to make a decision someplace along the line on what we're going to do with pay plans in order to make final decisions on appropriations. You're talking about 60 to 80 percent of any departments budget, depending upon the operation of the department. Most departments are, I'd say, closer to 80 percent. Without going into great detail, let me say two or three things. If you look at this bill you will find that there are five members of the Appropriations Committee who voted for this proposition and four voted against it. The committee was split but, nevertheless, we've had two hearings on pay policy. We had one in this room and invited everybody who was interested to come and express themselves. Briefly what this does, then I'll let somebody else explain it, the Governor's pay policy, as I understand it, would automatically grant to each state employee a 5 percent salary increase plus \$468 per year, or a 5 percent plus \$39 per month. The reason you have a partial percentage and a partial flat sum is that the percentage itself tends to benefit the higher income groups. Certainly 5 percent of \$30,000 is a lot more money than 5 percent of \$5,000. The flat sum has always, in the last few years, been added in order to benefit the lower income groups. Now what the committee did was originally adopt the 5 percent plus \$468. After discussion, because in effect what you have now, and this is the way you may want it and if you do at least you know what you're voting for. The way the pay plan is set up now everybody automatically gets a 5 percent increase, or a one step increase, regardless of whether you do a good job or a poor job. Every state employee I know of expects that 5 percent regardless of the kind of job he or she does. What this bill will attempt to do, you need to consider this seriously, is to do away with the automatic step increase each year. That's one of the functions, as far as I'm concerned, of this particular proposal. What you're presented with now is a 5 percent increase, plus \$468 per year, which would be \$39 per year, plus an additional amount for merit increase which amounts to 2 percent of the total personal services of the department. Now that 2 percent is a merit. That puts the bee on the administrator, on the supervisor. The way the law is written, as I understand it, the supervisor can recommend up to 10 percent increase. Of course, if you only have 2 percent overall you can't give too many people a 10 percent increase, but at least you can emphasize merit as a part of the total overall pay plan. Now what about the cost? We're talking now about general fund, which is what we basically are interested in. We're talking about sales income tax impact. The original 5 percent plus \$468 will cost . . . it was \$11,800,000, roughly \$12,000,000. The 2